

AIRN Liquidation Trust
Media Effective: Mark-Up Analysis

		Actual	Illustrative Calculations	
		Scenario 1	Scenario 2	Scenario 3
		Actual NRA Payments to Media Effective	15% Mark-Up Applied per Commission Terms Outlined in Torres 10/21/2021 Email [2],[3]	7% (TV) and 8% (Radio) Mark-Up Applied per Commission Terms Outlined in Torres 10/21/2021 Email [3],[4]
A	Gross Advertising Amount Paid by NRA to Media Effective	\$36,522,290	\$27,702,389	\$25,426,741
B	Total Media Effective Payments to Advertisers/Agencies [1]	(\$23,547,031)	(\$23,547,031)	(\$23,547,031)
C	Media Effective Mark-Up [A - B]	\$12,975,259	\$4,155,358	\$1,879,710
D	Media Effective Mark-Up % [C / A]	36%	15%	7%
E	Excess Actual Payments Received if October 2021 Email Commission Terms Were Applied		\$8,819,901	\$11,095,549

Notes

- [1] Over 94% of the total advertising agency payments identified from the Media Effective bank accounts went to Hybrid Media Services.
- [2] In response to NRA inquiring about Media Effective's "booking fee", Torres stated the following in an October 21, 2021, email: *"most of the time the volume buyers and myself negotiate a commission with the media companies between 5-15% and it is split among the participants."* For the purposes of the illustrative calculation, the 15% mark-up at the higher end of the range was applied solely to Media Effective - not split among the other participants involved (i.e. Hybrid Media Services).
- [3] Consistent with the underlying advertising invoices billed to Hybrid Media Services (received as part of Hybrid's production), the mark-up percentages in the above illustrative calculations are applied to the **gross** advertising amount, rather than to the amount paid to the third party advertisers. In the above illustrative calculations, the gross advertising amounts which would have been billed to NRA were calculated as: [\$23,547,031 / (1 - the applicable mark-up percentage)].
- [4] In a separate October 21, 2021 email from Javier Torres to NRA, Torres stated: *"A good indicator could be about 8% for radio buys and 7% for TV buys"*. Advertising agency invoices to Media Effective (i.e. Hybrid Media) were reviewed and the applicable commission percentages were applied to the radio (8%) and TV (7%) advertising buys. Two Hybrid Media invoices list *"Digital Advertising for National Realty"*. For these items, the higher 8% mark-up was applied to digital advertising in the above analysis to be conservative.

